Appendix

Pub. L. No. 95-128 (October 12, 1977) amends 12 U.S.C. § 1715z-1(f)(3) and (g) as follows (repealed law is enclosed in brackets, new matter is printed in italics, existing law in which no change is made is shown in Roman):

(f)(3) For each project there shall be established an initial operating expense level, which shall be the sum of the cost of utilities and local property taxes payable to the project owner at the time the Secretary determines the property to be fully occupied, taking into account anticipated and customary vacancy rates. [At any time subsequent to the establishment of an initial operating expense level, the Secretary is authorized to make, and contract to make, additional assistance payments to the project owner in an amount up to the amount by which the sum of the cost of utilities and local property taxes exceeds the initial operating expense level, but not to exceed the amount required to maintain the basic rentals of any units at levels not in excess of 30 per centum, or such lower per centum not less than 25 per centum as shall reflect the reduction permitted in clause (ii) of the last sentence of paragraph (1), of the income of tenants occupying such units. Any contract to make additional assistance payments may be amended periodically to provide for appropriate adjustments in the amount of the assistance payments.] *The Secretary is authorized to make, and shall contract to make to the extent of the moneys in the reserve fund, established under subsection (g) and to the further extent of funds authorized in appropriation Acts, an additional monthly assistance payment to the project owner up to the amount by which the sum of the cost of utilities and local property taxes exceeds the initial operating expense level. Such payment shall be used by the project owner*

solely to effect, and there shall be, a reduction in the basic rental charges for the project. Any contract to make additional monthly assistance payments shall be for a one-year period and shall be adjusted periodically to provide, to the extent approved in appropriation Acts, for continuation of the payments and for an appropriate adjustment in the amount of the assistance payments. Additional assistance payments shall be made pursuant to this paragraph [only if the Secretary finds that the increase in the cost of utilities or local property taxes, is reasonable and is] *unless the Secretary finds that the increase in the cost of utilities or property taxes is not reasonable or not* comparable to cost increases affecting other rental projects in the community.

(g) The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay to the Secretary all rental charges collected in excess of the basic rental charges. Such excess charges shall be credited to a reserve fund to be used by the Secretary to make additional assistance payments as provided in paragraph (3) of subsection (f) of this section. During any period that the Secretary determines that the balance in the reserve fund is adequate to meet the estimated additional assistance payments, such excess charges shall be credited to the appropriation authorized by subsection (i) of this section and shall be available until the end of the next fiscal year for the purpose of making assistance payments with respect to rental housing projects receiving assistance under this section. For the purpose of this subsection and paragraph (3) of subsection (f) of this section, the initial operating expense level for any project assisted under a contract entered into prior to August 22, [1974] *1977*, shall be established by the Secretary not later than 180 days after August 22, [1974] *1977*.